

14 October 1980

MEMORANDUM FOR: DCI

FROM:

EA/DCI

SUBJECT: Reflections on CIA and Your Stewardship

As you ponder your tenure as DCI and the future, I have a few thoughts I would like to add to your intellectual stew. I don't want to get into specific issues as done [redacted] last week but rather help you think about the "macro" issues of managing an "intelligence" organization.

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I. General

A. Good and Bad Change

Much was made [redacted] of CIA being unique because of clandestinity. Balderdash. This town is full of agencies much of whose work is clandestine-- e.g., DEA, NSA, FBI, Justice, and even the IRS. [redacted]

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[redacted] I think our uniqueness is overemphasized among senior managers (it needs to be emphasized among the troops for morale) and tends to impose obstacles to coping with our management problems.

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To the extent we are unique, it is perhaps because in no other agency are the skills we emphasize for success as an analyst or case officer (independence of thought and action, creativity, self-initiative, critical thought, questioning of assumptions, ability to get the job done despite obstacles) so antithetical to the smooth management of a bureaucratic organism. We are an institution always at war with ourselves, trying to reconcile the irreconcilable. That is why the main issues confronting management today are the same ones at the forefront 20 years ago. Insofar as we try for the sake of efficiency and ease of implementation to parallel CIA to the Civil Service--pay on GS scale, incentives, promotion system, GSA, etc.--we diminish our flexibility and effectiveness in encouraging and developing the unbureaucratic traits so vital to doing our work well. In a sense, then, any DCI faces the impossible task of meshing the freedom, intellectual ferment and independence of action of a university faculty with the organizational principles of the Department of Commerce: another way of putting it--you need to encourage "permanent revolution" in the context of a bureaucratic structure.

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Most CIA managers have tried to accomplish this through frequent organizational change. Criticisms from Congress or customers require response and the response is bureaucratic--just alter the plumbing chart. This does indeed produce ferment and shake up established patterns--but these affect working conditions and career prospects; produce confusion and uncertainty vis-a-vis priorities, expectations and lines of command. This kind of change--bureaucratic/organizational--does not, however, produce ferment where it is needed: in the thought processes of analysts, the initiative and creativity of case officers, and everyone's determination to find ways to do the job better. Indeed, the reverse attitudes result: keep your head down, proceed cautiously, don't make waves or the bureaucratic grim reaper will get you in the next reorganization.

Moreover, the directorates have created their own measures of effectiveness rather than trying to consider seriously outsiders' (including the DCI's) criticism or even trying to put themselves in the shoes of our consumers in assessing intelligence needs, requirements and analysis. This parochialism in turn breeds resentment at such criticism and evokes a bureaucratic--i.e., superficial and ineffective--response. Worst of all, this defensive, bureaucratic response to criticism from you or downtown carries down to the lower level both in terms of directorate management's contempt for such criticism/advice and its overall narrow attitude. This, of course, ultimately dampens the creativity and boldness of analysts and operations officers who otherwise, with proper encouragement, might in fact come up with new approaches, ideas, or analysis. In sum, our employees read their superiors' signals very well--and quickly learn what those superiors endorse and what they disdain.

In short, CIA has responded to criticism and the need to invigorate the intellectual climate with organizational change, mainly because that's the easy approach, it protects institutional turf and self-image, and avoids the kind of attitudinal change that would reflect acceptance of the criticism. Organizational label changes keep the wolf from the door for just a little longer. What is really needed, however, are changes within the existing structure to minimize bureaucracy and to develop incentives, inducements and methods to produce ferment, creativity, initiative and boldness where it counts: in the attitude and minds first of senior management and then of our employees. And that's hard.

B. Attitudes Toward the DCI/DDCI

I can be brief because we have talked about this before. Three of your deputies grew up in an Agency where the DCI/DDCI left the DDs alone to do their own thing and interacted only to levy tasking from outside, prepare for meetings and hearings, and to sign where asked. Your and Frank's activism required a massive bureaucratic and attitudinal shift by this institution, which prays that your successors will return to the old system--from a management standpoint. The odds are that their prayers will be answered. Any new DCI must appreciate the enormous pressures that will be on him to keep hands off the management of the directorates and to reverse many of the trends you have set in motion.

II. The Directorates

The DCI spends his meeting and paperwork time along the following lines:

	<u>DDCI</u>
NFAC	50%
DDO	25%
DDS&T	5%
DDA	10%
Independent Offices	40%

In other words, for the most part DDA and DDS&T run themselves and have little interaction with you and Frank. What business they do bring is usually conducted at the DD level. So, not surprisingly the business end of this Agency is DDO and NFAC--probably as it should be. Each has serious problems even you have been unable to shrink significantly.

NFAC

Your analytical directorate suffers from:

- Incapacity to see intelligence problems from the policymakers' perspective and focus analysis accordingly; too often irrelevant.
- Excessive timidity and conservatism, especially as regards projecting ahead--whether five days, five months, or five years. They are great historians and poor prognosticators. They are terrified of being wrong and preoccupied with the acquisition of "more data."
- Failure ever to admit failure or shortcomings. They have missed a number of important calls in the last couple of years and yet, rather than admitting it which would open the way to corrective action, will point to something in the file that makes appropriate warnings. Remember Kissinger's mocking of admonitory intelligence memos the policymakers never saw.
- Continuing inability to perform multi-disciplinary analysis.
- Persistent failure to be timely. NFAC has been left at the gate times without number. There are items in the production program for early next year on issues policymakers are deciding now.
- Dearth of people with breadth of vision to take macro view of international affairs and see major currents at work, especially across regional boundaries.
- Methodological backwardness, especially in political analysis, which is done the same way now as 25 years ago.

You have been the most highly respected and popular DCI ever with the analysts. Your meetings with them, feedback of results of meetings, and sharing of views all have been unprecedented and welcomed. At the same time, senior management shares and often is responsible for the shortcomings cited above. Additionally, though not as vocal as DDO or DDS&T, senior NFAC management is hostile and resentful toward your "idiosyncratic" approach to NIEs, many of your personnel policies and your management style--especially "tinkering" and "stovepipe" meetings. These same managers are foremost among those reluctant to look into the future, to be bold, to admit shortcomings, etc. This is as true of some of the new younger office chiefs as of the older generation.

On the positive side, Bruce and Evan are the first real managers the analytical directorate ever has had--but that means they are starting from scratch in terms of both directorate management tools and skills as well as office management. They therefore also are starting from scratch on the management attitudes and practices of all NFAC managers--trying to catch up and drag them into the 1980s.

DDO

The DDO for too long (until 1973) was the be-all, end-all of CIA. DCIs were graduates of the DDO and catered to it, both in resources and prestige. It suffers from:

- Unwillingness to acknowledge shortcomings and consequent need for corrective action.
- Too little initiative and creativity on both CA and collection; you and DDCI should have to weed out the best ideas from a large choice of good proposals. As it is, you two have to drag ideas out of the DDO.
- A jingoistic approach which, together with management and operational practices, tends to isolate it within the Agency: us vs. them (especially the DCI).
- Some divisions are far too fat and riding on past glory (e.g.,

- The Headquarters component is still too heavy in some divisions.
- Too few younger senior managers.


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The DDO management bitterly has resented your interference in their internal affairs and your criticism. They have not had to tolerate this in the past and still are not reconciled. No one before has challenged their priorities or management arrangements, not to mention on occasion their tradecraft.

To summarize the directorates in medieval terms, the king (DCI) has one loyal duke (DDA); two powerful but separatist dukes (DDO, NFAC) who constantly challenge the king's internal control and centralization but are steadfast allies against an external foe; and one simply perverse duke (DDS&T) who has external alliances and is critical of all the king's efforts. While he is unprepared to cross the king directly, he is an uncertain ally both internally and externally.

III. Your Tenure

You have made many changes in CIA, only some of which will survive your tenure should you leave in the next few months. I believe the survivors will be limited to:

- In personnel, the new performance report, panel system and accelerated processing of recruits.
- Tougher security practices.
- The EXCOM planning process.
- Analytical priority to societal change.
- Implementation of SAFE.

Initiatives I believe will die without continued DCI pressure are:

- Successor planning on an Agency-wide basis.
- Senior officer development programs beyond vague semblance on directorate level.
- The Senior Officer Development Course. It will continue but just become a replacement for earlier courses. Even for the first course, the DDs really did not put forward their most promising (fast--track) people. Quality was a little above the regular Midcareer Course, but not much. All incentive to do better next time will disappear without DCI pressure.
- Extra-directorate rotational experience, especially for aspiring senior officers.

- Efforts to make intelligence more relevant to policymakers, especially the President.
- Future-oriented analysis.
- SIS bonus program.
- Merit pay.
- Improve CIA's public image (profile).
- Active DCI role on supergrade promotions, assignments.

There are others that can be added to both lists, but I think you get the point. From a management standpoint, the pressures are almost entirely centrifugal in the absence of a DCI deeply involved in management and willing to buck the DDs. As I have said before, you and Frank are an anomaly in CIA history. Even your relatively long tenure as DCI has not been enough to reverse 30-year-old institutional biases toward particularism. Only if you stay or your successor picks up where you left off can but a few centralizing, refocusing initiatives be preserved. In short, the institution has bowed before your pressures, but has not broken; indeed, all along even while bowing the DDs kept looking out the corners of their eyes to see if you had averted your attention so they could resume business as usual.

IV. Leadership and Control

The DDs have consistently demonstrated a lack of leadership qualities. Both DDO and NFAC refuse to acknowledge shortcomings and so have changed little in response to your recommendations and urgings. Neither the DDO nor the DDNFA has worked to find ways to promote the analytical/operational ferment necessary to our work or to encourage the other vital attitudes/traits fast disappearing in the face of bureaucratic pressures--generated not by you but by timid, conservative directorate management. Additionally, the DDs' lack of loyalty to the DCI has increased the difficulty of bringing new approaches to fruition because you can never rely on such approaches being presented to subordinates in a fair or even neutral manner--much less supportive. This is manifested in a small way by their failure to keep you informed or to follow up with you on problems and issues you raise with them.

I conclude that the only way a DCI determined to run CIA can hope to do so is to appoint the DDs from outside--especially NFAC and DDO. The precedents should alleviate fears associated with this. Bob Bowie was no manager and never claimed to be. Nevertheless, even though he was an outsider, I never heard anyone complain that Bob did not "understand" intelligence analysis or its "proper" role, or the needs of policymakers, etc. Indeed, one could make a strong case that a former policymaker familiar with analysis (e.g., Bob Ellsworth, Bob Komer, any of several Assistant or Under Secretaries of State, or an Ambassador like Ron Spiers) would be an ideal DDNFA, bringing to

the position fresh ideas, new perspective, and innovative insights along with management skill. As Boyatzis said, an industrial R&D director could also prove successful (though I tend to favor someone with government/policymaking experience).

For DDO, John McMahon has proved that that position need not be filled by a careerist. The pool of outsiders for this job is smaller probably than for DDNFA, but there still should be plenty to choose from--again, someone like Komar comes to mind as a man who would not be captured by the institution, who understands and accepts the value of clandestine work, and who brings fresh ideas and perspective to a barnacle-encrusted directorate.

Finally, Don Wortman has shown that an outsider can mesh into CIA at a senior level and perform well.

Unlike almost any other part of government aside from the uniformed military, CIA has been protected almost entirely from outside appointees except for the top two positions. While there are disadvantages to such appointments and some will not work out, I believe they are on balance beneficial to an institution because they bring a breath of fresh air, force review of old practices and procedures, and often bring useful changes of emphasis and approach. Even what they don't change must be re-examined and justified anew. If only one of every two or three DDNFAs or DDOs are outsiders, these purposes would be achieved. And, most importantly, such outsiders would be more loyal to the DCI, follow and implement his policies more faithfully, help bring ferment and challenge to the intellectual/operational climate, and overall improve the work of CIA in analysis, operations and management. Finally, from the DCI's perspective and based on your experience, I would argue that such appointments are essential to a DCI establishing real control over and in CIA. Professional, institutional interests can adequately be protected if the Associate Deputy Directors are career intelligence officers. Additionally, outside appointments should be made with exceptional care to ensure, above all, that such officials will appreciate the essential importance and challenge of managing an organization so dependent upon imagination and creativity and yet also upon the relevance of its work to those who daily must make concrete and difficult decisions. I believe you or your successor should move to replace the DDNFA and DDO within six months of the inauguration.

V. Conclusion

Harsh as the judgment may be, I believe you have only scratched the surface of this institution (apart from creation of RMS). Many of your initiatives will fade because you started too late and have not yet found an institutional handle (analysis) or the initiatives remain alive only because of your persistent pressure (senior officer development, successor planning). You are the first DCI/DDCI even to try to manage CIA but the lack of real support in the institution for most of your and Frank's changes (beyond some of your personnel and security changes) and the old centrifugal, traditionalist pressures will erode and finally destroy much of what you have tried to do. Your (or Frank's) continuation in office for a couple of more years--with the DD personnel

changes I propose above--could institutionalize more of your initiatives. But if you leave within a few months, a new DCI will have his own agenda--and based on past experience it will not emphasize central management nor parallel your plans.

None of this should surprise you. Few heads of large departments or agencies really impart new directions to those institutions--just look around town. As Jimmy Carter and Richard Nixon learned the hard way, the bureaucracy is an implacable foe, all the more so because it can almost always outlast those who wish to change it. The beauty of a second term for any President is that it gives agency heads like you two or three years--unanticipated by the bureaucracy--to consolidate initiatives and changes. And I see that additional time as essential for you if more than two or three of your innovations are to survive.

If you are reappointed or to the extent you can coopt the new DCI to continue some of your efforts, I would urge the following agenda:

1. Move quickly to establish (better) control of Agency. Appoint new DDO from outside immediately; replace DDNFA with outsider by Fall 1981. Make clear to new appointees (and holdovers) that their tenure will depend on performance and loyalty to DCI and his programs. Without such control and the collaborative power of DDs to make the bureaucratic changes at various levels ^{institutionalize} ~~to specific~~ initiatives, any new programs are likely to last only as long as the incumbent DCI--your present problem. I do not agree with Frank that the DDs/EXCOM can be "brought along" or induced to accept changes that are fundamentally at odds with their independence, authority or administrative discretion.
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2. Consolidate personnel initiatives, including senior officer development, executive development, rotations, Agency-wide successor planning, as well as the role of the DCI/DDCI and EXCOM in long-range, centralized Agency planning.
few?
3. Better focus analysis on needs of policymaker, timely production, and orientation toward prediction and analysis of future developments. More SNIEs, special studies on current policy issues. Improve overall quality of analytical product.
4. Develop initiatives (incentives and other tools) to promote analyst/case officer creativity, boldness, and intellectual ferment.
5. Bring the DDO to heel institutionally while opening it up to new ideas, approaches; encouraging bold initiatives; continuing emphasis on leanness and field orientation.

Because this paper has focused on CIA, I have not dealt with the Community. If reappointed (or when your successor is appointed) you or he should press the President to resolve certain ambiguities of DCI authority over the Community. Apart from that, the DCI should:

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1. Consolidate RMS and CTS, especially the latter.
2. Reduce the size of NFIB to manageable proportions.
3. Refocus NFIB on policy issues and collection/analysis priorities vice processing NIEs. More meetings on contemporary problems (e.g., Iran-Iraq).
4. More one-on-one time with D/DIA, D/NSA, and D/INR. If you establish good relations with them, rest don't matter.

Nor have I discussed the DCI role with the policymaking community. I would refer a new DCI (or you) to the recommendations in my Studies article on "Intelligence and the White House." Additionally, I would suggest that you or your successor devote more personal attention to your important constituencies:

1. Take steps with the President personally to ensure regular DCI participation in any informal meetings such as the Tuesday lunch (LBJ) or Friday breakfast (Carter) as well as such meetings as the V-B-B or M-B-B.
2. Establish close working ties with National Security Advisor, who is the DCI's most natural bureaucratic ally and CIA's point of access to the policy process and the President.
3. Personally cultivate key Congressional leaders, such as Chairmen of SSCI, HPSCI, as well as of the Foreign Relations, Armed Services and Appropriations Committees.

A final thought that may be presumptuously elementary but often overlooked by people new to senior government levels. Appointment to head an agency provides only a nice office. Anything else--playing a real role in the policy process or actually managing the institution--involves a massive effort and enormous energy every day. The exclusionary process inside the Agency and in the circle of policymakers is extraordinarily powerful. A DCI cannot afford the time to manage CIA day to day; he must be able to rely on his DDs to implement not only his initiatives but their own (consistent with his objectives) loyally and energetically. Most of his time should be spent (1) ensuring (and playing) an active role with policymakers, (2) working the Community hustings, and (3) cultivating the Congress. Only the DCI can do these things--and his success in doing them depends on being confident that his deputies are running his Agency as he wishes and according to his objectives and agenda. Time spent in trying to bring his subordinates around, in overcoming their resistance, in being the only idea-man, and in trying to run CIA from the DCI/DDCI's office is time away from the DCI's role as intelligence spokesman and representative, chief Presidential intelligence adviser, and chief link/lobbyist with the Hill. The DCI must manage CIA--unlike before 1977--but in ways and with subordinates that leave him time for the very large role outside this building only he can fulfill. His power base is CIA, and his bureaucratic control over it must be effective--and it in turn must perform its mission effectively--for him to play his appropriate role with the Community and the policymakers.